

OC WATCHDOG

Your tax dollars at work

Attention, online shoppers: You owe state \$1.1 billion

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It's coming up on tax time, and the **California Board of Equalization** — the beloved folks who collect taxes and fees — want you online shoppers to remember to *cough it up!*

"The use tax, the counterpart to the sales tax, has been the law since 1935," the BOE says in its latest appeal to your better nature. "Use tax is owed on

purchases made out-of-state when the sales tax was not collected by a registered retailer. Use tax is generally due on purchases made through mail-order or Internet retailers. Generally, the use tax rate is equal to your local sales tax rate." ([That would be about 10 percent.](#))

So, if you bought anything on **Amazon** over the last year, *you're supposed to come clean.*

Simply scan the receipts from your online purchases (which you kept neatly filed, of course), check to see if you paid sales tax, and if not, calculate what you owe to the Great State of California, and pay it along with your income taxes (which will soon be due — sorry to bring that up).

[More than \\$1.1 billion in use taxes are owed to the state of California, but go unpaid each year because folks don't pony up, the BOE says.](#)

Now, to make this easier on you — consumers of good conscience that you are — they've created this handy-dandy "use tax lookup table," which will be included in tax forms this year:

Use Tax Lookup Table

Use Tax Liability	
CA Adjusted Gross Income (AGI) Range	
Less Than \$20,000	\$7
\$20,000 to \$39,999	\$21
\$40,000 to \$59,999	\$35
\$60,000 to \$79,999	\$49
\$80,000 to \$99,999	\$63
\$100,000 to \$149,999	\$88
\$150,000 to \$199,999	\$123
More Than \$199,999	Multiply AGI by 0.070% (0.0007)

“The lookup table provides an estimate of use tax, based on California Adjusted Gross Income, on any number of non-business purchases less than **\$1,000** each,” said **Michelle Steel**, vice chair of the BOE, in a prepared statement. “However, it is important to remember that use tax is not owed on a percentage of income, but on actual purchases for which sales tax was not collected.”

“Though the *Use Tax Lookup Table* may make it easier for some taxpayers to report use tax due, it could also cause some taxpayers to inadvertently overpay their use tax liabilities, and trap taxpayers who have not made untaxed purchases in the last year into reporting estimated use tax that they do not owe,” she said.

Before using the lookup table, taxpayers are counseled to check their receipts and invoices to see if sales or use tax was collected. Taxpayers should also look for other indications that there is no use tax obligation, or that it has been taken care of, such as “a notation that an item was shipped from within the state, or an invoice or statement that California tax requirements have been met.”

This will pretty much be the last year of online buying where sales taxes are *not* collected. Amazon and the state cut a deal saying that it will start collecting state sales tax in September. [Our colleague Jan Norman has been keeping an eye on the Internet sales tax thing from the business perspective; you can find her reports here.](#)

Have fun, scofflaws!